



Office of Health Care Access Certificate of Need Application

Final Decision

Applicant: Bridgeport Hospital

Docket Number: 04-30352-CON

Project Title: Emergency Department (“ED”) Renovation and Expansion Project including the Acquisition of a Second Hospital Computed Tomography Scanner

Statutory Reference: Section 19a-639 of the Connecticut General Statutes

Filing Date: December 22, 2004

Decision Date: March 21, 2005

Default Date: March 22, 2005

Staff Assigned: Paolo Fiducia and Jack Huber

Project Description: Bridgeport Hospital (“Hospital”) proposes to renovate and expand its Emergency Department (“ED”) and to acquire a second Hospital computed tomography (“CT”) scanner, at a total proposed capital expenditure of \$16,000,000.

Nature of Proceedings: On December 22, 2004, the Office of Health Care Access (“OHCA”) received a Certificate of Need (“CON”) application from Bridgeport Hospital (“Hospital”) seeking authorization to renovate and expand its Emergency Department (“ED”) and to acquire a second Hospital computed tomography (“CT”) scanner, at a total proposed capital expenditure of \$16,000,000. The Hospital is a health care facility or institution as defined by Section 19a-630 of the Connecticut General Statutes (“C.G.S.”).

A notice to the public concerning OHCA’s receipt of the Hospital’s Letter of Intent was published in *The Connecticut Post* (of Bridgeport) on August 18, 2004, pursuant to Section 19a-639, C.G.S. OHCA received no response from the public concerning the Hospital’s proposal.

OHCA's authority to review and approve, modify or deny the CON application is established by Section 19a-639, C.G.S. The provisions of this section, as well as the principles and guidelines set forth in Section 19a-637, C.G.S., were fully considered by OHCA in its review.

Findings of Fact

Clear Public Need

Impact of the Proposal on the Hospital's Current Utilization Statistics Proposal's Contribution to the Quality of Health Care Delivery in the Region Proposal's Contribution to the Accessibility of Health Care Delivery in the Region

1. Bridgeport Hospital ("Hospital") is a full service acute care, general hospital located at 267 Grant Street in Bridgeport, Connecticut. *(August 14, 2004, CON Letter of Intent, pages 8 & 14)*
2. The Hospital, an affiliate of the Yale-New Haven Health System, operates the following specialized services: *(August 14, 2004, CON Letter of Intent, pages 8 & 14 and December 2, 2004, CON Application, pages 2 & 3)*
 - The only Level One Trauma Center in Fairfield County;
 - The only burn care facility between New York City and Boston; and
 - Emergency preparedness services to individuals residing in the greater Bridgeport community.
3. The Hospital proposes to undertake a three (3) year building project for the purpose of improving access to Emergency Department ("ED" or "department") services and the flow of patients through its ED. The proposed project consists of the following components: *(December 2, 2004, CON Application, pages 2- 7)*
 - Renovation to and expansion of the physical space that serves as the Hospital's Emergency Department; and
 - Acquisition of a second computed tomography ("CT") scanner, which will be dedicated for ED use.
4. The Hospital's primary service area includes the following cities and towns: Bridgeport, Easton, Fairfield, Monroe, Shelton, Stratford and Trumbull. *(December 2, 2004, CON Application, page 6)*

Emergency Department Renovation and Expansion

5. The Hospital's ED provides emergent care, urgent care, pediatric services, trauma/burn care and psychiatric care to individuals residing in the greater Bridgeport community. *(August 14, 2004, CON Letter of Intent, pages 8 and December 2, 2004, CON Application, page 3)*

6. ED service volumes have been approaching 60,000 visits annually over the last three years. Annual ED service volumes include those individuals seen both on an emergent, as well as urgent care basis. *(December 2, 2004, CON Application, page 3)*
7. The structure housing the current ED was built in 1979. In its latest physical configuration the emergency department was designed to accommodate approximately 45,000 visits annually. *(December 2, 2004, CON Application, page 3)*
8. The Hospital indicates that while less extensive ED renovations have been undertaken since 1979 to improve departmental operations and appearance, the current 13,611 square foot ED facility possesses a number of design limitations which include:
(December 2, 2004, CON Application, page 4)
 - Lack of privacy for ED patients and their family members;
 - Overcrowded conditions within the department, especially during peak demand times;
 - The growing lack of flexibility in meeting the changing needs of the department;
 - Compartmentalization of specialty service areas within the department, which hampers service operations and functions;
 - Lack of a sufficient number of isolation areas within the department;
 - Shared access to the one (1) Hospital CT scanner, which must also accommodate inpatient and other remaining outpatient Hospital services;
 - Limited parking for patients and their family members utilizing departmental services; and
 - Deficiencies in handling surge capacity when significant medical emergencies or “disaster” situations occur.
9. The building project will be specifically designed to address current ED design limitations. The Hospital will seek to correct the limitations by achieving the following project objectives: *(December 2, 2004, CON Application, page 4)*
 - Providing approximately an 11,000 square foot increase over the existing departmental space on the ground level;
 - Providing an expanded designated ED parking area to accommodate up to seventy-five (75) additional vehicles, including a new patient drop-off area and enhanced garage access;
 - Providing an expanded lobby, reception and patient waiting areas, which will concentrate on offering patient-focused, family-centered care, with enhanced acoustical privacy, visitor areas, support areas and patient amenities;
 - Providing a dedicated CT scanner for emergency department use;
 - Inclusion of a design plan to separate and treat special need populations within the department by providing four (4) infection control rooms and a psychiatric evaluation and treatment area separate from the main ED operations;
 - Providing an additional twelve (12) treatment bays to increase the existing forty (40) treatment bay capacity to a total fifty-two (52) treatment bays with the incremental increases in the number of treatment bays associated with the following ED service areas: pediatrics- one (1) treatment bay, urgent care- three (3) treatment bays, acute treatment- three (3) treatment bays, decontamination- one

- (1) treatment bay, seclusion- four (4) treatment bays, sobriety, and triage areas (1) treatment bay; and
- The addition of 6,600 square feet of new, basement space, beneath the ED addition and within the footprint of the ED addition. This unfurnished shell space will be set aside and its proposed use will be determined by the Hospital at a later date.
10. The proposed project goals are to accomplish the following: *(December 2, 2004, CON Application, page 5)*
- Accommodate the projected future ED growth in annual visits by increasing the department's annual capacity to 75,000 visits;
 - Provide a department design that will achieve maximum operational flexibility in terms of surge capacity and the treatment of special needs populations;
 - Facilitate maximum visual surveillance throughout the department;
 - Provide flexibility in the use of the department's decontamination facilities;
 - Provide for a modernized ED facility, which will be more esthetically appealing to patients and their family members; and
 - Provide for the inclusion of 6,600 square feet of unfurnished shell space for future hospital growth.
11. The actual number of total ED visits annually from FY 2002 through FY 2004 and the associated number of emergent care visits, where presenting patients are treated and admitted to inpatient services, and urgent care visits, where presenting patients are treated and released from the hospital, for the same three year period is as follows: *(December 2, 2004, CON Application, pages 7 & 8 and February 25, 2005, Hospital Response to OHCA inquiry, page 3)*
- Table 1: ED Visit Itemization**
- | ED Visit Type | 2002 | 2003 | 2004 |
|------------------------|---------------|---------------|---------------|
| Emergent Care | 8,866 | 8,544 | 8,585 |
| Urgent Care | 50,238 | 48,413 | 48,650 |
| ED Total Visits | 59,104 | 56,957 | 57,235 |
12. The Hospital estimates that annual ED visits will remain at the actual FY 2004 volume level during the duration of the project. *(December 2, 2004, CON Application, page 9)*
13. The Hospital estimates that it will experience a 2.0% growth rate annually for ED service volumes beginning in FY 2008, based on historical ED utilization in the region. The annual number of ED visits is projected to be 61,840 in FY 2008, 63,076 in FY 2009 and 64,338 in FY 2010. *(December 2, 2004, CON Application, page 9)*
14. The project will be accomplished in four distinct phases. The total combined square footage for the proposal is 37,050 square feet (i.e. 17,665 square feet of new construction, plus 19,385 square feet of renovated space). *(December 2, 2004, CON Application, pages 16 & 17)*

Table 2: Project Phases

Phase	Description	Sq. Footage (Type of Work)
Phase I	<ul style="list-style-type: none">• Pediatric registration, waiting, triage and treatment areas• Adult urgent care registration, waiting, triage, and treatment areas• 6,600 square feet shell space in basement	17,665 (new construction)
Phase II	<ul style="list-style-type: none">• Acute treatment space• Additional diagnostic x-ray room	4,435 (renovation)
Phase III	<ul style="list-style-type: none">• Acute treatment space• Observation area	5,100 (renovation)
Phase IV	<ul style="list-style-type: none">• Seclusion/sobriety service space• Employee locker rooms & medical records• CT scanner space	9,850 (renovation)

15. The proposed building schedule, by project phase, is as follows: *(December 2, 2004, CON Application, page 18)*

Table 3: Proposed Construction & Renovation Schedule

Project Phase	Start Date	Completion Date
Phase I	April 25, 2005	June 21, 2006
Phase II	June 24, 2006	January 23, 2007
Phase III	January 24, 2007	August 2, 2007
Phase IV	August 12, 2007	February 13, 2008
Project Closeout & Completion	February 13, 2008	March 15, 2008

16. The project's enabling plan has been designed in a manner which will allow for services to be provided in an uninterrupted fashion. *(December 2, 2004, CON Application, page 18)*

Acquisition of a Second Hospital CT Scanner

17. The proposal includes the acquisition of a CT scanner. The proposed CT scanner will be the Hospital's second CT scanning unit and will be designated for ED use. *(December 2, 2004, CON Application, pages 1-6)*

18. The Hospital is proposing to acquire a GE Medical Systems, LightSpeed 16 Advantage CT Scanning System. The system will produce three dimensional images with 16-slice acquisition per rotation. *(December 2, 2004, CON Application, Attachment IX, pages 136-139 and February 25, 2005, Hospital Response to OHCA inquiry, page 3)*

19. The Hospital currently possesses an 8-slice CT scanner, located in the Hospital's Radiology Department. This unit is used for inpatient, outpatient and emergent care purposes. *(December 2, 2004, CON Application, page 5)*

20. The current CT scanner operates 24 hours a day, 7 days a week. *(February 25, 2005, Hospital Response to OHCA inquiry, page 3)*
21. A summary of the actual Hospital CT utilization and ED CT scanning procedures over the last three fiscal years is presented in the following Table. *(December 2, 2004, CON Application, page 6 and February 25, 2005, Hospital Response to OHCA inquiry, page 3)*

Table 4: # Annual ED CT Scans versus # Total Annual Hospital CT Scans

# Scans by Service	FY 2002	FY 2003	FY 2004
Inpatient / Outpatient Services	6,378	8,638	8,602
ED Services	9,062	9,853	11,105
Total # Annual Hospital CT Scans	15,440	18,491	19,707
ED Scans as % of Total Hosp. Scans	58.7%	53.3%	56.4%
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% Increase in the Annual # Hosp. Scans		19.8%	6.2%
% Increase in the Annual # ED Scans		8.7%	12.7%

22. The Hospital states that there are times when the current CT scanner has scheduled downtime for routine maintenance or experiences unscheduled downtime. At certain times when CT scanner downtime occurs, the Hospital is required to go on ambulance diversion. In FY 2004, the Hospital was placed on ambulance diversion 29 times due to CT scanner downtime totaling 250 aggregate service hours. *(December 2, 2004, CON Application, page 5)*
23. The Hospital estimates that the CT scanning volume will remain at the actual FY 2004 procedure level during the duration of the project. *(December 2, 2004, CON Application, page 9)*
24. Hospital CT scan procedure growth is anticipated to increase to a total of 9.3% per year for the first three years of operating the reconfigured ED, based on historical Hospital utilization data. The projected number of annual Hospital CT scan procedures based on the anticipated growth is 21,540 in FY 2008, 23,543 in FY 2009 and 25,732 in FY 2010. *(December 2, 2004, CON Application, page 9)*
25. The addition of a second CT scanner, which will be dedicated for Emergency Department use, will: *(February 25, 2005, Hospital Response to OHCA inquiry, page 3)*
- Improve patient flow for CT services within the ED and the inpatient/outpatient service areas;
 - Allow the Hospital to meet anticipated increases in CT service volume which would otherwise place the existing CT scanning unit in a position of working beyond its physical capabilities; and
 - Decrease the number of CT scan diversions the Hospital has experienced.

**Financial Feasibility and Cost Effectiveness of the Proposal and its Impact on the
Hospital's Rates and Financial Condition
Impact of the Proposal on the Interests of Consumers of Health Care Services and
the Payers for Such Services**

26. The project's estimated total capital expenditure is \$16,000,000 and is itemized as follows: *(December 2, 2004, CON Application, page 15)*

Table 5: Proposed Total Capital Expenditure

Description	Cost
Medical Equipment	\$313,420
CT Imaging Equipment	\$810,000
Non-Medical Equipment	\$431,432
Renovations/Construction	\$12,598,348
Architectural/Engineering	\$907,800
Contingency	\$939,000
Total Capital Expenditure	\$16,000,000

27. The proposal's \$16,000,000 total capital expenditure will be financed entirely through Hospital equity. The Hospital's cash equivalent balance as of the submission date of the CON proposal is sufficient to cover the capital expenditure associated with the project. *(December 2, 2004, CON Application, pages 14 & 19)*

28. The Hospital projected incremental revenue from operations, total operating expense and losses from operations associated with the CON proposal is as follows: *(December 22, 2004, Completeness Response, Attachment 1, page 4)*

Table 6: Hospital's Financial Projections for FYs 2007, 2008 and 2009

Description	FY 2007	FY 2008	FY 2009
Incremental Revenue from Operations	\$0	\$589,000	\$589,000
Incremental Total Operating Expense	583,000	1,109,000	1,239,000
Incremental Loss from Operations	(\$583,000)	(\$520,000)	(\$650,000)

29. The projected incremental losses from operations are primarily due to increased depreciation expense associated with the capital expenditures made in the earlier years of implementation of the CON proposal. *(December 22, 2004, Completeness Response, Attachment 1, page 4)*
30. The current and projected payer mix percentages for the first three years of operating the reconfigured ED service is as follows: *(December 2, 2004, CON Application, page 13)*

Table 7: Hospital's Three-Year Projected Payer Mix

Description	Current	Year 1	Year 2	Year 3
Medicare	40.54 %	40.54 %	40.54%	40.54%
Medicaid	20.59%	20.59%	20.59%	20.59%
TriCare (CHAMPUS)	0.08%	0.08%	0.08%	0.08%
Total Government	61.21%	61.1%	61.1%	61.1%
Commercial Insurers	34.23%	34.23%	34.23%	34.23%
Self-Pay	3.20%	3.20%	3.20%	3.20%
Workers Compensation	1.27%	1.27%	1.27%	1.27%
Total Non-Government	38.79	38.79%	38.79%	38.79%
Uncompensated Care	0.0%	0.0%	0.0%	0.0%
Total Payer Mix	100.0%	100.0%	100.0%	100.0%

Consideration of Other Section 19a-637, C.G.S. Principles and Guidelines

The following findings are made pursuant to the principles and guidelines set forth in Section 19a-637, C.G.S.:

31. There is no State Health Plan in existence at this time. *(December 2, 2004, CON Application, page 2)*
32. The Hospital has adduced evidence that the proposal is consistent with the Hospital's long-range plan. *(December 2, 2004, CON Application, page 2)*
33. The Hospital has improved productivity and contained costs by undertaking energy conservation measures regarding its facilities; participating in activities involving the application of new technology; and employing group purchasing practices in its procurement of supplies and equipment. *(December 2, 2004, CON Application, page 13)*
34. The proposal will not result in any change to the Hospital's teaching and research responsibilities. *(December 2, 2004, CON Application, page 13)*
35. The Hospital's current patient/physician mix is similar to that of other acute care, general hospitals in the region. The proposal will not result in any change to this mix. *(December 2, 2004, CON Application, page 13)*
36. The Hospital has sufficient technical, financial and managerial competence and expertise to provide efficient and adequate service to the public. *(December 2, 2004, CON Application, pages 11 & 12 and Attachment III, pages 34 through 72)*
37. The Hospital's rates are sufficient to cover the proposed capital expenditure and operating costs associated with the proposal. *(December 22, 2004, Completeness Response, Attachment 2)*

Rationale

The Office of Health Care Access (“OHCA”) approaches community and regional need for Certificate of Need (“CON”) proposals on a case by case basis. CON applications do not lend themselves to general applicability due to a variety of factors, which may affect any given proposal; e.g. the characteristics of the population to be served, the nature of the existing services, the specific types of services proposed to be offered, the current utilization of services and the financial feasibility of the proposal.

Bridgeport Hospital (“Hospital”) is a full service acute care, general hospital located in Bridgeport, Connecticut. As an affiliate of the Yale-New Haven Health System, the Hospital operates the only Level One Trauma Center in Fairfield County; the only burn care facility between New York City and Boston; and is a designated provider of emergency preparedness services to individuals residing in the greater Bridgeport community. Bridgeport Hospital is proposing to renovate and expand its Emergency Department (“ED”) and to acquire a second Hospital computed tomography (“CT”) scanner, which will be dedicated for ED use, at a total proposed capital expenditure of \$16,000,000. The Hospital’s proposed building project will span three-years. The project has been specifically designed to accommodate the future growth in demand for emergency department services and CT imaging services and to enhance the quality and accessibility of the delivery of its emergency department services and diagnostic imaging services.

Emergency Department Renovation and Expansion

The current ED facility was built in 1979. In its latest configuration, the department was designed to accommodate approximately 45,000 visits annually. ED service volumes have been approaching 60,000 visits annually over the last three years. The Hospital indicates that while ED renovations have been undertaken since 1979 to improve departmental operations and appearance, the current facility possesses a number of design limitations which are deemed impediments in meeting the future needs of the department. The project has been specifically designed to address the department’s future needs by addressing the department’s current design limitations and by reconfiguring the department layout and organization which will lead to improvements in the flow of patients through the department. The established goals for the project include: accommodating the projected future ED growth in annual visits by providing space that allows for increasing the annual capacity of the department to 75,000 visits; by providing a department design that will achieve maximum operational flexibility in terms of surge capacity and the treatment of special needs populations; by facilitating maximum visual surveillance throughout the department; by providing flexibility in the use of the department’s decontamination facilities; and, lastly, by providing a more modernized ED facility, which will be more esthetically appealing to patients, their family members and Hospital staff. Furthermore, the reconfigured ED facility will allow for the following ED service enhancements:

The project will be accomplished in four distinct phases, commencing April 2005 and concluding March 2008. The total combined square footage for the proposal is 37,050

square feet consisting of 17,665 square feet of new construction and 19,385 square feet of renovated space. Phase I of the project involves the creation of 17,665 square feet of new building space, through the construction of a 11,065 square foot first floor ED addition, adjacent to the existing ED and a 6,600 square foot basement addition. The newly constructed first floor space will house the pediatric registration, waiting, triage, and treatment areas, as well as the adult urgent care registration, waiting, triage and treatment areas. The basement addition will be located within the footprint of the ED addition above it and will set aside 6,600 square feet of unfinished shell space whose use will be determined by the Hospital at a later date.

The remaining three phases of the project involve renovating portions of the existing ED facility. In the aggregate 19,385 square feet of existing departmental space will be renovated to accommodate an additional x-ray room, the proposed CT scanner, additional observation and treatment space, behavioral health services and ancillary services. As the project's components have been designed in a manner which will allow for services to be provided in an uninterrupted fashion, patients who present to the Emergency Department during project construction will not be adversely affected by this undertaking.

Based on the above, OHCA finds that the Hospital has demonstrated that its Emergency Department renovation and expansion project is needed for the Hospital to continue to provide emergency services at a high level of quality and that the proposal will contribute to the accessibility of health services to the region. In light of the Hospital's goal to improve access and the flow of patients through its Emergency Department, OHCA is requiring the Hospital to collect and submit data to OHCA on a semiannual basis relating to the improvements in the emergency services utilization achieved by the Hospital over the course of the building project and two years post project completion in a format as more specifically contained in Attachment 1 of this final decision.

Acquisition of a Second Hospital CT Scanner

The Hospital's proposal also includes the acquisition and operation of an additional CT scanner. The Hospital is seeking to acquire a GE Medical Systems, LightSpeed 16 Advantage CT Scanner that can produce three dimensional images with 16-slice acquisition per rotation. The proposed scanner will be the Hospital's second CT scanning unit and the unit will be specifically designated for ED use. The proposed capital expenditure for the CT scanner is \$810,000.

The Hospital owns and operates one 8-slice CT scanning unit. This unit is currently used for inpatient, outpatient and emergent care diagnostic imaging and is located in the Hospital's Radiology Department. This scanning unit operates 24 hours a day, 7 days a week. The total number of Hospital CT scan procedures performed annually for FY 2002, FY 2003 and FY 2004 is 15,440, 18,491 and 19,707, respectfully. The percentage increase in the number of annual Hospital CT scanning procedures from FY 2002 to FY 2003 was 19.8 %, and from FY 2003 to FY 2004 was 6.2 %.

The ED scanning utilization of the existing Hospital CT scanner accounts for approximately 56% of the total number of Hospital CT scan procedures performed annually. The number of ED scanning procedures performed annually for FY 2002, FY 2003 and FY 2004 is 9,062, 9,853 and 11,105, respectfully. The percentage increase in the

number of annual ED CT scanning procedures from FY 2002 to FY 2003 was 8.7 %, and from FY 2003 to FY 2004 was 12.7 %.

The Hospital projects that CT scan procedure growth will increase by 9.3% per year for the first three years of operation of the reconfigured Emergency Department based on historical Hospital utilization data. The projected number of annual Hospital CT scanning procedures is 21,540 in FY 2008, 23,543 in FY 2009 and 25,732 in FY 2010.

The addition of a second CT scanner, dedicated for Emergency Department use, will not only improve patient flow for those individuals receiving CT services within the ED, but will also improve patient flow for those receiving CT services within the Hospital's inpatient and remaining outpatient service areas as well. Further, the proposed CT scanner acquisition will allow the Hospital to meet its anticipated service volume increases, which would otherwise have been placed on an existing CT scanning unit, whose general operating condition would be called into question, as the unit would have to meet volume requirements that are beyond its physical capabilities.

Based on the above OHCA finds that the Hospital has demonstrated that its request for a second Hospital CT scanner for designated use by the Emergency Department is needed for the Hospital to continue to provide emergency and diagnostic imaging services at a high level of quality and that the proposal will contribute to the accessibility of health services to the region.

Financial Feasibility and Cost-Effective

The total capital expenditure for the proposal is \$16,000,000. The proposed capital expenditure for the CT scanner is \$810,000. The Hospital will finance the project entirely through Hospital equity. The Hospital projects incremental losses from operations in the early years of the proposal's implementation. While the projected incremental losses are primarily due to increasing depreciation expense associated with the proposal, the projected losses are not significant based on the overall scope and duration of the building project. Therefore, OHCA finds that the Hospital's proposal will not only improve the quality and accessibility of its emergency services and diagnostic imaging services, but that the Hospital's proposal is also financially feasible and cost-effective.

Based upon the foregoing Findings and Rationale, the Certificate of Need application of Bridgeport Hospital to renovate and expand its Emergency Department and to acquire and operate a second Hospital computed tomography scanner, which will be dedicated for ED use, at a total proposed capital expenditure of \$16,000,000, is, hereby, granted.

Order

Bridgeport Hospital ("Hospital") is hereby authorized to renovate and expand its Emergency Department ("ED") and to acquire and operate a computed tomography ("CT") scanner, which will be dedicated for ED use, at a total capital expenditure of \$16,000,000, subject to the following conditions:

1. This authorization shall expire on March 21, 2009. Should the Hospital's project not be completed by that date, the Hospital must seek further approval from OHCA to complete the project beyond that date.
2. The Hospital shall acquire a second CT scanner to be located in the ED at a capital expenditure not to exceed \$810,000.
3. The Hospital shall not exceed the approved capital expenditure of \$16,000,000. In the event that the Hospital learns of potential cost increases or expects that the final project costs will exceed those approved, the Hospital shall file with OHCA a request for approval of the revised CON project budget.
4. On a semiannual basis the Hospital shall collect and submit to OHCA a compilation of Emergency Department utilization information as specified in Attachment 1 of this decision. Each semiannual report shall be submitted to OHCA no later than 30 calendar days following the end of each 6 month period (i.e. December 31st and June 30th of each year) from December 31, 2005 (for the period beginning June 30, 2005 to December 31, 2005) to June 30, 2010 (for the period concluding January 1, 2010 to June 30, 2010).

All of the foregoing constitutes the final order of the Office of Health Care Access in this matter.

By Order of the
Office of Health Care Access

March 21, 2005

Signed by Cristine A. Vogel
Commissioner

CAV:jah